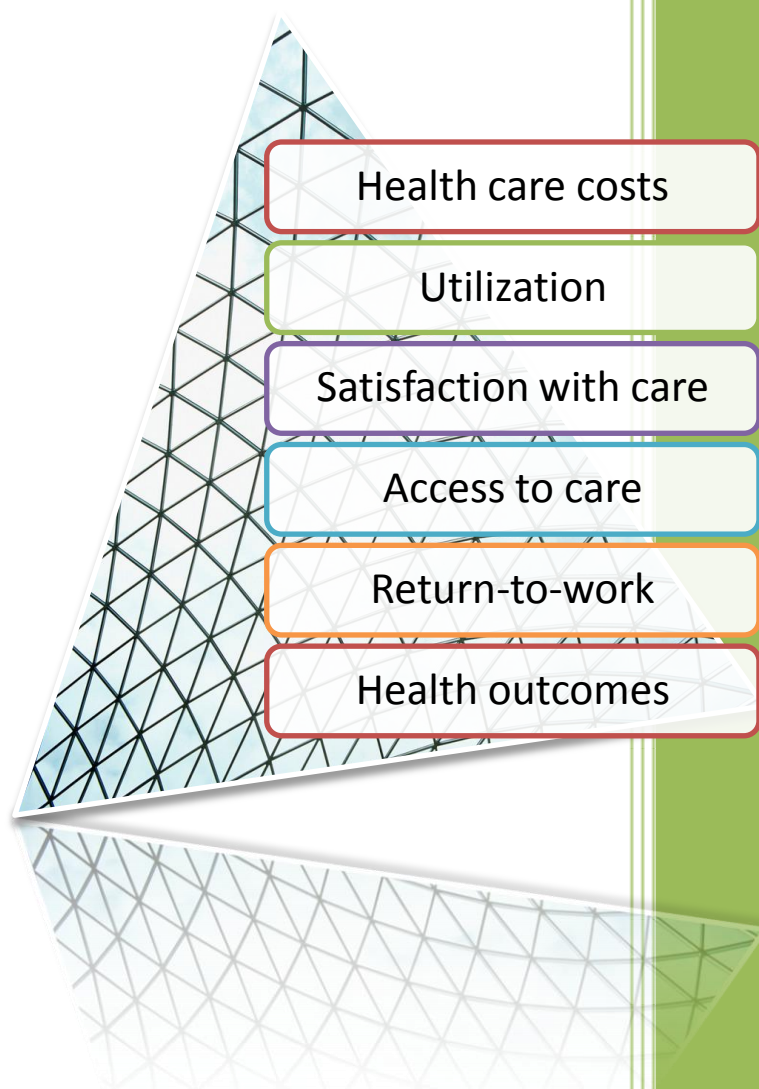


2011

Workers' Compensation Network Report Card Results



Texas Department of Insurance
Workers' Compensation Research and Evaluation Group

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Acknowledgements

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Botao Shi managed the project, conducted the analyses, converted statistical results into tabular and graphical output and interpreted the results. REG Director DC Campbell provided methodological support, conducted the data management, and authored the final report. Dr. Soon-Yong Choi and Ward Adams provided valuable editorial comments.

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About this report

In 2005, the 79th Texas Legislature passed House Bill (HB) 7, which authorized the use of workers' compensation health care networks certified by the Texas Department of Insurance (Department). This legislation also directed the Workers' Compensation Research and Evaluation Group (REG), to publish an annual report card comparing the performance of certified networks with each other as well as non-network claims on a variety of measures including:

- Health care costs;
- Utilization;
- Satisfaction with care;
- Access to care;
- Return-to-work; and
- Health outcomes.

In March 2006, the Department began certifying workers' compensation networks. Currently 34 networks covering 250 Texas counties are certified to provide workers' compensation health care services to insurance carriers. Among the certified networks, 27 were treating injured employees as of February 1, 2011. Since the formation of the first network, a total of 209,576 injured employees have been treated in networks. One certified network accounts for 36 percent of all claims that were treated in networks, down from 47 percent a year ago, the result of smaller networks treating an increasing share of injured employees.

Public entities and political subdivisions

Certain public entities and political subdivisions (such as counties, municipalities, school districts, junior college districts, housing authorities, and community centers for mental health and mental retardation services) have the option to: 1) use a workers' compensation health care network certified by TDI under Chapter 1305, Texas Insurance Code; 2) continue to allow their injured employees to seek health care as non-network claims; or 3) contract directly with health care providers if the use of a certified network is not "available or practical," essentially forming their own health care network.

This report includes Alliance, a joint contracting partnership of five political subdivisions (authorized under Chapter 504, Texas Labor Code) that chose to directly contract with health care providers.

The Alliance intergovernmental pools are:

- Texas Association of Counties Risk Management Pool
- Texas Association of School Boards Risk Management Fund
- Texas Municipal League Intergovernmental Risk Pool
- Texas Council Risk Management Fund
- Texas Water Conservation Association Risk Management Fund

In addition to the Alliance, this report covers a separate group of networks authorized under Chapter 504, Texas Labor Code. This group is referred to in the report as 504-

Others, and is comprised of Dallas County schools and the Trinity Occupational Program (Fort Worth Independent School District). While not required to be certified by the Department under Chapter 1305, Texas Insurance Code, these networks must still meet TDI's workers' compensation reporting requirements.

How network results are reported

The results presented in this annual report card show a comparison of twelve groups, eleven of which are network entities with a total of 57,273 injured employees for the study period: Texas Star (20,793), 504-Alliance (16,225), Travelers (3,991), Liberty (3,045), Coventry (2,719), Corvel (2,232), Zurich (1,567), 504-Others (1,109), IMO (974), First Health (893), and all other networks (3,725), relative to the non-network injured employees (149,117) treated as the twelfth group, outside of the workers' compensation health care network context.

The "Other network" category is comprised of the 16 remaining networks too small, in terms of the number of injured employees treated in each network during the study period (June 1, 2009 to May 31, 2010) to have their results analyzed separately. These networks are:

Aetna Workers' Compensation	Hartford
Access	International Rehabilitation Assoc
Bunch & Associates	Interplan Health Group
Bunch-Coventry	Intracorp/Lockheed Martin
Bunch-First Health	Lone Star Network/Corvel
CompKey Plus	Sedgwick CMS
First Health/CSS	Specialty Risk Services
First Health/AIGCS	Zenith
GENEX	

The following Health and Workers' Compensation Network Certification Division (HWCN) link has the certified networks, each with a list and map of their respective coverage areas:

<http://www.tdi.state.tx.us/wc/wcnet/wcnetworks.html>.

The end of voluntary or informal networks

Texas also had "voluntary" or "informal" networks for the delivery of workers' compensation health care. These networks, established under Texas Labor Code §413.011(d-1), used discount fee contracts between health care providers and insurance carriers.

However, in 2007 the 80th legislature passed House Bill 473 which requires that effective January 1, 2011, voluntary and informal networks must either be dissolved or certified as a workers' compensation network under Texas Insurance Code 1305.

The potential impacts include increased participation in certified networks, as well as payment changes where fee guideline reimbursements replace contracted discounted rates. As of this report card, it is too early to accurately measure or project the system impacts of HB473.

Data sources

The measures presented in this report card were created using data gathered from a variety of sources:

- Medical cost, utilization of care, and administrative access to care measures were calculated using the Division of Workers' Compensation's (DWC) medical billing and payment database, a collection of approximately 100 medical data elements, including charges, payments, CPT and ICD9 codes for each injured employee.
- Access to care, satisfaction with care, return-to-work and health outcomes measures were calculated using the results of an injured employee survey conducted by the University of North Texas, Survey Research Center on behalf of the Workers' Compensation Research and Evaluation Group (REG).

These network claims were identified through a data call issued by REG in February 2011 to 34 workers' compensation health care networks. Results from the data call showed that 27 networks had treated 209,576 injured employees as of February 1, 2011. Of these, 57,273 (26 percent of all workers injured during the analysis period June 1, 2009 to May 31, 2010) were treated in networks. The report card examines only new claims and excludes legacy claims from the analysis.

How were medical costs and utilization measures calculated?

Medical cost and utilization measures were calculated for all 12 groups at 6 months post-injury for injuries occurring between June 1, 2009 and May 31, 2010.

Medical Costs

Medical Cost measures are based on payments by insurance carriers to health care providers. Typically, actual payments are less than charges (billed amount).

Medical Utilization

Medical Utilization measures represent the services that were billed for by health care providers, regardless of whether those services were ultimately paid by insurance carriers. The goal of this measure is to calculate actual services delivered by health care providers, not just paid-for services.

Other utilization measures that account for the difference between services billed for and services paid for are more appropriate for quantifying the effectiveness of utilization review, and are therefore not addressed in this report.

Analyses

Duplicate medical bills and bills that were denied due to extent of injury or compensability issues as well as other outlier medical bills were excluded from the analyses. Health care cost and utilization measures were examined separately by type of medical service (professional, hospital, and pharmacy). Dental services were excluded in the medical cost analysis because the amount of dental services rendered in each network was too small.

Professional cost and utilization measures were analyzed by eleven sub-categories of services (evaluation and management services, physical medicine modalities, other

physical medicine services, CT scans, MRI scans, nerve conduction studies, other diagnostic tests, spinal surgeries, other surgeries, pathology and lab services, and other professional services).

Similarly, hospital cost and utilization measures were examined separately for in-patient, out-patient hospital services and other types of hospital services. Other hospital services include a broad range of services such as skilled nursing, home health, clinic, and special facilities (including ambulatory service centers).

Finally, pharmacy prescription cost and utilization were examined by five drug groups (opioid prescriptions, anti-inflammatory prescriptions, musculoskeletal therapy drug prescriptions, mood stabilizers, and other therapeutic drug prescriptions). Network and non-network data, including survey results, were analyzed by the same methods, programs, and parameters to ensure compatibility of results. Data tests and adjustments confirm that the relative differences between networks and non-network were unaffected by any differences in risk factors such as outliers, injury type, claim type, and age of the injured employee.

In previous reports, the calculations of average medical costs were based on all claims. This report further analyzes average costs on claims with more than seven days lost time (see Table 1).

Table 1: Claims by network

Networks	Total Number of Claims	Percent of Claims with more than 7 days lost time
Non-network	149,117	23%
504-Alliance	16,225	22%
504-Others	1,109	15%
Corvel	2,232	42%
Coventry	2,719	27%
First Health	893	36%
IMO	974	19%
Liberty	3,045	28%
Travelers	3,991	19%
Texas Star	20,793	37%
Zurich	1,567	17%
Other networks	3,725	23%

How was the injured employee survey conducted?

REG developed the injured employee survey instrument using a series of standardized questions from the Consumer Assessment of Health Plans Study, Version 3.0 (CAHPS™

3.0), the Short Form 12, Version 2 (SF-12™), the URAC Survey of Worker Experiences and previous surveys conducted by the REG.

The findings presented in this report are based on completed telephone surveys of 3,263 injured employees with new lost-time claims. Since network claims only represented approximately 26 percent of the total lost-time claim population for the analysis period, REG utilized a disproportionate random sample and over-sampled network claims. In order to analyze the outcomes of individual networks, injured employees of all injury durations within the study period were surveyed in July 2011 and an age-of-injury control was included in the regression analyses.

The survey results presented in this report card were adjusted for factors such as injury type, type of claim, and age that may exist between the groups. This was to ensure that differences that exist between each individual network and non-network claims cannot be attributed to those factors.



Summary of Findings

Health Care Costs

- Overall, 504-Alliance and Zurich injured employees had lower average medical costs than non-network injured employees for the first six months after the injury.
- When an additional twelve months of data are added to the 2010 results, the average per-claim cost for non-network injured employees increased by 41%, while the average for networks increased by 27%.
- Alliance's average medical costs were lower than Non-network in 15 of 19 medical categories.
- Texas Star and IMO's average medical costs were lower than Non-network in 13 of 19 categories, including all pharmacy groups.
- Zurich and Traveler's average medical costs were lower than Non-network in 10 of 19 categories.
- 504-Others' average medical costs were lower than Non-network in 9 of 19 categories.
- Liberty, First Health and Other Network's average medical costs were lower than Non-network in 6 of the 19 categories.
- Coventry's average medical costs were lower than Non-network in 5 and Corvel in 3 of the 19 categories.
- Nine network entities (504-Alliance, 504-Others, Corvel, First Health, Liberty, Travelers, Texas Star, and Zurich) had lower average medical costs than Non-network in Physical Medicine Modalities.
- Nine network entities (504-Alliance, 504-Others, Corvel, Coventry, First Health, IMO, Liberty, Other Networks, and Texas Star) had lower average medical costs than Non-network in Nerve Conduction Diagnostic Testing.
- Eight network entities (504-Alliance, 504-Others, First Health, IMO, Liberty, Other Networks, Texas Star, and Zurich) had lower average Spinal Surgery costs than Non-network.
- Seven network entities (504-Others, First Health, IMO, Liberty, Texas Star, Travelers, and Zurich) had lower average medical costs than Non-network in Path. & Lab services.
- 504-Alliance, IMO and Zurich had lower average hospital medical costs than Non-network.
- Seven network entities (504-Alliance, 504-Others, Corvel, IMO, Liberty, Texas Star, and Zurich) had lower average medical costs than Non-network in hospital in-patient services.
- 504-Alliance, Travelers and Texas Star had lower average pharmacy medical costs than Non-network.
- Eight network entities (504-Alliance, 504-Others, Coventry, First Health, IMO, Travelers, Texas Star, and Other Networks) had lower average pharmaceutical costs than Non-network in the use of mood stabilizers.

Medical Utilization (Percentage of Injured Employees receiving each type of service)

- Overall, networks tended to have lower utilization of hospital services than Non-network, but higher utilization of professional and pharmacy services.
- 504-Alliance's average utilization rates were lower than Non-network in 11 of 18 categories.

Medical Utilization (Average number of services per injured employee for each type of service)

- 504-Alliance's average utilization rates were lower than Non-network in 14 of 16 service categories.
- IMO's average utilization rates were lower than Non-network in 10 of 16 categories.
- 504-Others' average utilization rates were lower than Non-network in 8 of 16 categories.
- Coventry, Travelers and Zurich's average utilization of services was lower than Non-network in 7 of the 16 categories.
- First Health and Other Networks' average utilization of services was lower than Non-network in 5, Texas Star in 3, Corvel and Liberty in 1 of the 16 categories.
- All the networks had lower utilization of PM-Modalities services than Non-network.
- Seven network entities (504-Alliance, 504-Others, Coventry, First Health, IMO, Other Networks, and Texas Star) had lower utilization of DT-MRI services than Non-network.

Access to Care and Satisfaction with Care

- Overall, network injured employees reported lower levels of access to, and satisfaction with care. However medical data show that all networks provided faster non-emergency services to their injured employees than Non-network.
- Injured employees from First Health and Alliance reported higher or equal levels of receiving quickly care as compared to Non-network injured employees.
- Zurich's injured employees reported higher overall satisfaction with care and with treating doctor in comparison with Non-network injured employees.

Return-to-Work

- Injured employees from eight network entities (504-Alliance, Corvel, IMO, Liberty, Travelers, Texas Star, Zurich and Other networks) reported higher return-to-work rates than Non-network injured employees.
- Injured employees from five networks (504-Alliance, 504-Others, IMO, Travelers, and Other Networks) reported lower number of weeks off from work.

Health Outcomes

- The SF-12 survey was used to calculate the physical and mental health status of injured employees at the time of the survey.
- The average scores in the U.S population for both outcomes are 50 and scores that are more than 10 points higher or lower than this reference point are considered statistically significant.
- Five networks (504-Alliance, Corvel, IMO, Travelers and Texas Star) had higher physical functioning scores among their injured employees than Non-network injured employees.
- Three networks (504-Alliance, 504-Others and IMO) had higher mental functioning scores among their injured employees than Non-network injured employees and the U.S. population.
- Travelers and Non-network injured employees had equal level of mental functioning scores which were higher than the score of U.S. population.

For more information on the networks certified by the Department, their service areas and their contact information, see <http://www.tdi.texas.gov/wc/wcnet/index.html>.

Questions or complaints regarding certified networks should be directed to the Health and Workers' Compensation Network Certification Division (HWCN) by e-mail at WCNet@tdi.state.tx.us.

Questions about the report should be directed to the REG at WCResearch@tdi.state.tx.us

This report is also available on the Department's website:
<http://www.tdi.texas.gov/wc/regulation/roc/index.html>